

DIRECTORS' REPORT

The directors are pleased to present their report and the reviewed condensed consolidated financial statements of the Group for the period ended 30 June 2018.

Abu Dhabi Aviation (ADA) is the largest commercial helicopter operator in the Middle East, operating 51 helicopters (16 Augusta Westland AW139s, 22 Bell 412s, 12 Bell 212s and 1 Augusta Westland AW109) and 4 fixed-wing aircraft (DHC-8).

ADA's strategic view is to diversify its activities within the aviation and non-aviation sectors. ADA provides services to the following aviation sectors: oil and gas, search and rescue, medical evacuation, HEMS operations, aerial survey and photography, fire fighting, crop spraying, VIP and general air transport. ADA has 100% ownership in Abu Dhabi Aviation Training Centre LLC (ADATC) for simulator training and has 70% equity in AgustaWestland Aviation Services; a spare parts distribution centre and repair and overhaul facility. ADA established ADA International Real Estate LLC (ADAIRE) to manage the Group's land and properties in the UAE and overseas.

FINANCIAL AND OPERATIONAL REVIEW

Financial performance for the period ended 30 June 2018 is as follows:

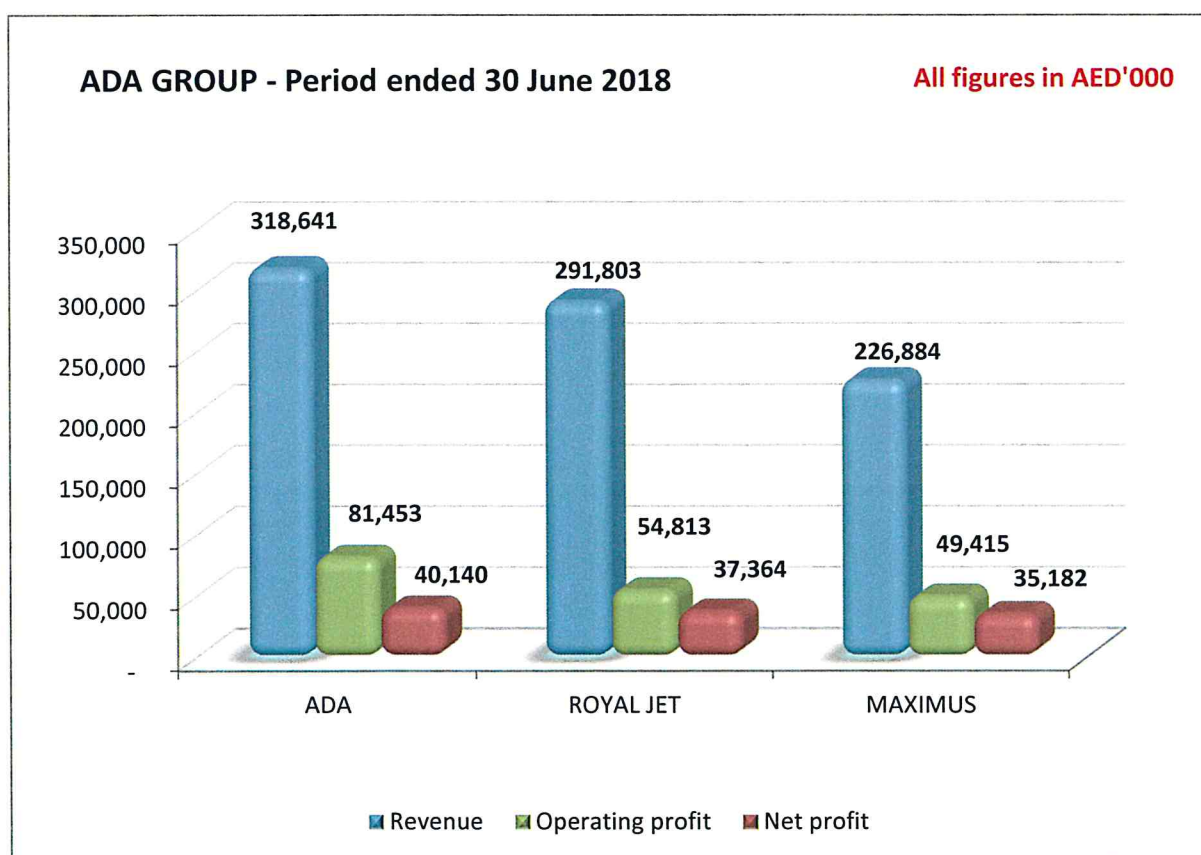
	Six months ended 30 June 2018	Six months ended 30 June 2017	Increase/ (decrease)
Turnover	837,328	780,968	7%
Operating Profit	185,681	169,851	9%
Operating Profit - %	22%	22%	
Net profit	112,686	106,096	6%
Net profit - %	13%	14%	
EPS for the period	0.21	0.20	5%
	As at 30 June 2018	As at 31 December 2017	Increase/ (decrease)
Total Assets	4,732,281	4,699,005	1%
Total Liabilities	1,698,815	1,683,531	1%
Total Equity	3,033,466	3,015,474	1%

Abu Dhabi Aviation parent company's (including ADATC, ADAIRE and ADAME) revenue for the six-month period ended 30 June 2018 amounted to **AED 318.64m** compared with **AED 309.03** for the same period in 2017 (**3.11% increase**). During the period, the company faced significant challenges as a result of the global economic slowdown and fluctuating oil prices where clients negotiated down their contracts and reduced the scope of work in addition to the difficulty in placing aircraft from expired contracts immediately into new opportunities. Net profit for the period ended 30 June 2018 was **AED 40.14m** compared with **AED 41.39m** for the same period in 2017 (**3.03% decrease**).

ADA is well positioned to quickly ride the present market upturn and is currently bidding and negotiating various new opportunities. ADA has purchased two new AW139 aircraft and has a number of letter of intents (LOIs) for new aircraft across different aircraft types including Dash-8 Q400, AW139, AW169, AW189 and Bell 525. Furthermore, ADA is negotiating with reputable leasing companies for aircraft leasing opportunities. ADA's significant bank facilities and strong statement of financial position support its planned and imminent growth.

Royal Jet L.L.C. (RJ) made **AED 291.80m** revenue for the six-month period ended 30 June 2018 compared with **AED 276.04m** for the same period in 2017 (**5.71% increase**). The increase was due to growth in flight demands and VIP Charter using the company's newly purchased aircraft. RJ made **AED 37.36m** net profit for the period ended 30 June 2018 compared with **AED 30.61m** net profit for the same period in 2017 (**22.07% increase**).

Maximus Air L.L.C. (MAX) made **AED 226.88m** revenue for the six-month period ended 30 June 2018 compared with **AED 195.90m** for the same period in 2017 (**15.82% increase**). This growth in revenue was due to more business from the Government and related entities. Net profit for the period ended 30 June 2018 was **AED 35.18m** compared with **AED 34.10m** for the same period in 2017 (**3.19% increase**).



Abu Dhabi Aviation Training Centre LLC (ADATC) has completed the construction of phase 1 project with nine bays and is now operating four aircraft simulators. The company expects to lease bays to third parties, then commence the construction of phase 2, which will cater for nine more aircraft simulators.

Agusta Westland Aviation Services LLC is a joint venture between ADA (70%) and the aircraft manufacturer Leonardo S.P.A. (30%). The company brings in the Original Equipment Manufacturer's expertise and technical support to the region and is a spare parts distribution centre for Agusta Westland aircraft. The company brings in expanding capabilities into the region (e.g. floats and rafts inspection and overhaul as well as overhaul of certain dynamic component) as well as being an MRO facility. Both ADA and Leonardo have ambitious expansion plans in terms of physical presence as well as expanding their capabilities and services.

ADA established a real estate subsidiary to purchase, develop and manage the Group's land and buildings. ADA International Real Estate (ADAIRE) invested in two properties in Abu Dhabi and plans to expand its portfolio in the region and overseas.

ADA Group have maintained a stringent control over costs and ensured high levels of efficiency and value for money approach for all of its expenditures, through restructuring and renegotiating existing expenditures as well as new investments. This prudent approach and sound financial management has helped ADA Group reach its anticipated profitability in a time where most companies suffer severe reduction in their financial performance and profitability in comparison with prior years. ADA will continue to maintain its stringent cost control approach while focusing on growth, diversification and value for money investments.



Nader Ahmed Mohammad Al Hammadi
Chairman

